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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

15 July 1987

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: John J. Bird
National Intelligence Officer for Warning

SUBJECT: Monthly Warning Reports for June 1987

1. Summary of Key Warning Issues:

Persian Gulf/USSR/US

The Arab Gulf states will court expanded ties with the Soviet Union in order to gain concessions from Washington, but there are limits to how far they will go. In the event of a major escalation of Iranian attacks on shipping, NIO/USSR notes that Moscow could propose joint naval cooperation to defend shipping in the Gulf. The Intelligence Community expects an upsurge in terrorism once US flagging of Kuwaiti vessels commences. Targets in the Gulf are vulnerable, as are Kuwaiti aircraft and facilities. US interests both in the region and elsewhere, such as Europe, also are at increased risk.

This review reflects consideration of inputs generated at warning meetings conducted by the National Intelligence Officers with community representatives from all areas. As such, it represents a community-wide review, but it is not a formally coordinated community product.

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Sri Lanka/India

Pressures from Sinhalese hardliners on the Sri Lankan government probably will force a resumption of military operations against the Tamil insurgents. Such a move, in turn, probably would prompt Gandhi--who needs a policy success to shore up his sagging domestic image--to respond. Further terrorist bombings by Tamil militants could provoke a Sinhalese backlash against Tamil civilians that also may compel New Delhi to intervene militarily. Given the short transit distance, the modest amount of forces necessary, and the military preparations New Delhi already has made, little additional warning of Indian military interventions in Sri Lanka seems likely. The Tamil insurgents have not specifically targeted US installations in Sri Lanka, but US interests may be harmed inadvertently as insurgents continue attacking civilian and economic targets in order to focus international attention on their cause and wrest concessions from the government.

North Korea

Unusual mobilization activity in North Korea has been underway since April's issuance of Supreme Commander Order 002. The Armed Forces have been given priority in the supply of foodstuffs despite apparent food shortages; land previously farmed by the military has been turned over to civilians; and fishing vessels have been transferred to the military. A successful effort to improve economic productivity would enhance the North's overall war-making ability should they decide to make a military move against the South. NIO/Warning notes that whether or not the current military activity is directed at South Korean political developments, an effective mobilization of the economy will put the North in a better position to take advantage of any breakdown of order in the South. The Intelligence Community notes that because the US' resolve to defend South Korea acts as a significant deterrence against an invasion by the North, the period between now and December--before a planned increased US presence in 1988--will be critical.

Angola/South Africa

Luanda has sufficient forces and supplies for a medium-sized offensive, but the Intelligence Community notes that indicators of an imminent offensive are lacking. NIO/Africa anticipates a major South African incursion into southern Angola this year. The incomplete radar site at Cahama is provocative to Pretoria which has reacted militarily to such constructions in the past. NIO/Warning notes that the risk of direct South African/Cuban clashes appear to be mounting

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Chad/Libya

Chadian government forces could attack Aozou at any time. The French will not support such an attack, but they cannot prevent it. Despite recent victories, President Habre faces a significant threat from Libyan-sponsored terrorist attacks and tensions within his fragile multiethnic coalition.

Panama

Despite General Noriega's current control of events, his long-term future remains in doubt. If unrest and strong popular opposition to the government persists, prompting President Delvalle to resign, Noriega may still be forced to hold early elections now scheduled for 1989. Alternatively, strong international reaction to military excesses may undermine support for Noriega within the current leadership hierarchy and precipitate a coup attempt against him.

Sudan

Nasir and other Sudanese posts near the Ethiopian border probably will fall to the insurgents during the current rainy season. This will open the way for more insurgent operations and logistical support from Ethiopia, heightening military unrest in Sudan. Coup plotting within the Sadiq government will increase.

2. Trend Commentary:

Western Europe/USSR: Nordic Countries

The Nordic countries are increasingly receptive to Moscow's peace initiatives and heightened publicity campaign. Declining security orientations will make Norway and Denmark less effective members of NATO at a time when their contributions are needed more.

Argentina

The political situation will remain tense as the military watches Alfonsin's effort to implement the military crimes law. Although a coup against President Alfonsin is unlikely soon, the military has demonstrated it will not suppress dissidents within its own ranks. NIO/Warning notes that civilian antipathy toward still powerful military interests appears to be growing.

Nicaragua

Food shortages inside Nicaragua do not appear to have greatly hampered insurgent operations, but that they may cost the insurgents popular support if the insurgents fail to provide adequate compensation for depleting peasant stocks. The insurgents also stand to lose international support if they fail

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to punish their own human rights offenders. The extent of popular support for the rebels varies widely, and they need to build a clandestine infrastructure to leave behind when they leave their normal operating areas.

African Frontline States

Diminishing US foreign aid to the southern African states, and worsening economic conditions there, will create new opportunities for Soviet meddling.

Chemical and Biological Warfare

NIO/At Large and the Intelligence Community note that the US and South Korea should be prepared for selective North Korean employment of chemical munitions. North Korea will continue to expand its chemical warfare capabilities and will undertake, on a limited scale, an agent production and weaponization program, in DIA's judgment. We also believe the Soviet Union has begun research and possibly development of a new class of CBW agents based on biotechnology/genetic engineering. Libya's effort, meanwhile, to establish a large scale chemical warfare agent production program at Rabta appears almost complete; trial runs could begin this fall and production would reach almost three tons of agent a day.

3. NIO/Warning notes these additional areas of warning concern:

South Korea--The potential for a major upheaval continues; a breakdown in public order could embolden North Korea into considering precipitous military actions against the south.

Haiti--The overall situation worsens, and incidents of anti-Americanism probably will grow.

Tunisia--Bourguiba's crackdown on Islamic fundamentalists--far from ensuring smooth succession--is increasing discontent and ensuring chaos and uncertainty when the succession crisis comes.

Greece/Turkey--Tensions in the Aegean continue, and new military developments in Cyprus provide further flashpoints for conflict. Each side apparently believes the US can prevent war--an attitude that may encourage recklessness and lack of restraint.

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